

Message Text

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ORIGIN EB-07

INFO OCT-01 ISO-00 L-02 NEA-09 H-01 OES-03 SAB-01 IGA-01

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EB/CBA/OSB:DBRAMANTE (DRAFT)

L:PITMAN (DRAFT) E-MR.POATS(DRAFT)

NEA/IRN:NAAS (DRAFT)

EB/IFD/OIA:SMITH (DRAFT)

EB/ORF/FSE:LRAICHT (DRAFT)

NEA;SOBER (DRAFT)/S-O:P.SHANKLE

EB/CBA/BP:BUSHNELL (DRAFT)

EB/ORF:JLKATZ (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

C O N F I D E N T I A L STATE 046566

STADIS //////////////////////////////////////

E.O.11652: GDS

TAGS: USIRJC, EAIO, EINO, EINV, US, IR

SUBJECT: PROPOSED SHELL-NIOC JOINT VENTURE

REF: TEHRAN 1575; TEHRAN 1608

1. USG DOES NOT RPT NOT YET HAVE AGREED INTER-AGENCY
POSITION ON SHELL-NIOC VENTURE (FYI DEPT POSITION IS
THAT USG SHOULD NOT OBJECT TO IT. END FYI)

2. EMBASSY SHOULD THEREFORE RESPOND TO GOI THAT THIS
ISSUE IS STILL UNDER USG REVIEW. IT RAISES COMPLEX
ENERGY, ANTI-TRUST, AND INVESTMENT POLICY ISSUES.
WE ARE GIVING THESE ISSUES PRIORITY CONSIDERATION AND,
IN ACCORDANCE WITH OUR DESIRE TO REACT PROMPTLY
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TO THESE KINDS OF GOI REQUESTS, HOPE TO HAVE RESPONSE

WITHIN NEAR FUTURE.

3. BEGIN FYI. RE ENERGY, FEA HAS STATED OBJECTIONS TO PROPOSAL BECAUSE IT FEELS VENTURE WOULD BE INCONSISTENT WITH EFFORTS TO INCREASE OUR DOMESTIC REFINERY CAPACITY, WOULD CONTINUE DEPENDENCE OF NORTHEAST ON FOREIGN OIL AND CONSEQUENTLY CONFLICTS WITH PROJECT INDEPENDENCE OBJECTIVES. FEA INTENDS TO RAISE ISSUE IN ENERGY RESOURCES COUNCIL.

4. RE ANTI-TRUST PROBLEMS, JUSTICE DEPARTMENT HAS TAKEN VERY PRELIMINARY LOOK BUT WILL WISH TO REVIEW IN GREATER

DETAIL WHEN SHELL REQUESTS BUSINESS REVIEW CLEARANCE. USUAL BUSINESS REVIEW INVOLVES EXTENSIVE INVESTIGATION OF SPECIFIC FACTS REQUIRING SEVERAL MONTHS. WE WILL WORK WITH JUSTICE ON THIS MATTER, HOWEVER, AND HOPE TO EXPEDITE PROCEDURE.

5. RE INWARD INVESTMENT POLICY, WHILE AGREEMENT IN PRINCIPLE ON OUTLINES OF ADMINISTRATION'S POLICY REACHED, CONSIDERABLE WORK ON DETAILS OF IMPLEMENTATION MAY BE WEEKS AWAY. END FYI.

6. WITH THESE OBSTACLES AND BACKGROUND IN MIND, WE WILL DISCUSS VENTURE WITH GOI DELEGATION AT JC MEETINGS.

7. WE HAVE JUST BEEN NOTIFIED BY SHELL BOARD THAT MORE CONSULTATIONS WILL BE NEEDED BEFORE AGREEMENT IS REACHED. SHELL HAS NOTIFIED NIOC ON THEIR DECISION. KISSINGER

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